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Attorneys for Official Committee of Unsecured Creditors

UNITED STATES BANKRUPTCY COURT
DISTRICT OF OREGON

In re:

Society of Jesus, Oregon Province, an Oregon
domestic nonprofit religious corporation,

Debtor

Case No.: 09-30938-elp

Chapter 11

**STIPULATION RE: (1) DEBTOR'S
OBJECTION TO LECG, LLC FEE
STATEMENTS; (2) INCREASE IN
LECG, LLC FEE CAP; (3) INCREASE
OF MORGAN LEWIS & BOCKIUS
LLP FEE CAP; AND (4) EXTENSION
OF PLAN EXCLUSIVITY PERIOD**

The Official Committee of Unsecured Creditors (the "Committee"), on the one hand, and the Society of Jesus, Oregon Province, an Oregon domestic nonprofit religious corporation, which is the debtor and debtor in possession herein (the "Debtor"), on the other hand, hereby enter into the following stipulation (the "Stipulation"). The Committee and the Debtor are at times referred to herein as the "Parties."

RECITALS

A. On February 17, 2009 (the "Petition Date"), the Debtor filed its voluntary Chapter 11 petition for relief, thereby commencing the above captioned case. The Debtor is operating its business and managing its properties as debtor in possession pursuant to sections 1107(a) and 1108 of title 11 of the United States Code (the "Bankruptcy Code").

1 B. The Committee was appointed pursuant to sections 1102(a) and 1102(b)(1) of the
2 Bankruptcy Code on or about March 3, 2009. The Office of the United States Trustee filed the
3 notice of appointment of the Committee on March 12, 2009 but Committee members were verbally
4 informed of their appointment on March 3, 2009 and have acted as a committee since that date.

5 **LECG's Employment and Fees**

6 C. On August 7, 2009, the Court entered the *Order Approving Official Committee of*
7 *Unsecured Creditor's Application for an Order Authorizing and Approving the Employment of*
8 *LECG, LLC as Financial Advisors to That Committee* (the "LECG Employment Order") [Docket
9 No. 406]. Pursuant to the LECG Employment Order, the Committee retained LECG, LLC
10 ("LECG") as its financial advisors.

11 D. With respect to fees and expenses, the LECG Employment Order provides that
12 "LECG's fees and expenses shall not exceed \$100,000 [the "LECG Cap"], except upon further order
13 of the Court."

14 E. On January 15, 2010, pursuant to the *Order Establishing Procedures for Payment of*
15 *Interim Professional Fees and Expenses on a Monthly Basis* (the "Payment Procedures Order")
16 [Docket No. 193], the Committee filed fee statements (the "LECG Fee Statements") for all of
17 LECG's fees and expenses incurred through November 2009. [Docket Nos. 623 through 630.]
18 Pursuant to the LECG Fee Statements, LECG's total fees and expenses through November 2009
19 totaled approximately \$153,000.

20 F. After a voluntary write-off by LECG of fees in the amount of \$38,802, LECG's fees
21 through January 31, 2010 are approximately \$129,000. LECG's expenses through January 31, 2010
22 are approximately \$6,000, for a total net fees and expenses through January 31, 2010 of
23 approximately \$135,000 ("LECG's Fees").

24 G. On January 29, 2010, the Debtor filed the *Debtor's Objection to LECG, LLC's Fees*
25 *Statements for April 1, 2009 Through November 30, 2009* [Docket No. 638]. In the objection, the
26 Debtor objected to the Fee Statements on the ground that LECG's fees exceeded the LECG Cap.

27 H. On February 16, 2010, the Committee filed the *Motion of the Official Committee of*
28 *Unsecured Creditors to Increase Limit of Compensation With Respect to LECG, LLC* (the "LECG

1 Cap Motion”) [Docket No. 648]. In the Motion, the Committee asked the Court to enter an Order
2 increasing the LECG Cap by \$100,000 retroactive to the point at which LECG’s fees first reached
3 the initial LECG Cap.

4 **MLB’s Employment and Fees**

5 I. On October 30, 2009, the Court entered the *Order Approving Official Committee of*
6 *Unsecured Creditors’ Application for an Order Authorizing and Approving the Employment of*
7 *Morgan, Lewis & Bockius LLP as Special Insurance Counsel to that Committee* (the “MLB
8 Employment Order”) [Docket No. 532]. Pursuant to the MLB Employment Order, the Committee
9 retained Morgan, Lewis & Bockius LLP (“MLB”) as special insurance counsel.

10 J. With respect to fees and expenses, the MLB Employment Order provides that, “the
11 allowed fees and costs of MLB incurred in connection with MLB’s representation of the Committee
12 regarding insurance matters unrelated to the avoidability of the Safeco Release Agreement shall not
13 exceed \$65,000; provided that said limit is subject to further order of this Court” (the “MLB
14 Insurance Cap”). The MLB Employment Order provided a separate \$65,000 cap on fees and
15 expenses incurred by MLB in assessing the validity and avoidability of the Safeco Release
16 Agreement (the “MLB Safeco Cap”). That cap is not the subject of this Stipulation and will remain
17 unaltered.

18 K. MLB has advised the Committee that its fees and expenses through January 31, 2010
19 incurred in connection with insurance matters unrelated to the avoidability of the Safeco Release
20 Agreement are approximately \$65,000.

21 L. The Committee has indicated to the Debtor an intent to file a Motion (the “MLB Cap
22 Motion”) for an Order modifying the MLB Employment Order to provide for (1) an additional
23 \$50,000 cap on fees and expenses to allow MLB to participate in the global mediation (the “MLB
24 Mediation Cap”) currently being conducted by The Honorable Gregg Zive, and (2) an increase in the
25 MLB Insurance Cap to allow MLB to receive up to \$15,000 per month after January 31, 2010 for
26 ongoing insurance analysis.
27
28

Plan Exclusivity

M. Without further Order of the Court, the time period set forth in section 1121(b) of the Bankruptcy Code during which only the Debtor may file a plan would expire on March 1, 2010 and the time to obtain acceptance of the plan would expire on June 1, 2010. The Debtor has indicated to the Committee an intent to request an Order extending the exclusivity period.

N. The Debtor asserts that if the exclusivity period were allowed to expire during the mediation process currently pending before The Honorable Gregg Zive, and if another party filed a plan during that mediation process, the Court, the Debtor, and all other parties in the case would be distracted from the mediation, by having to deal with competing plans, including disclosure statement hearings, objections to disclosure statements, and contested confirmation hearings, which would not only increase the cost and complexity of the case, but would be counterproductive.

General

O. The Parties have discussed (1) the LECG Fee Statements and the Debtor's objection thereto, (2) the Committee's desire to increase and modify the LECG Cap, (3) the Committee's desire to obtain approval of the MLB Mediation Cap and to increase and modify the MLB Insurance Cap, and (4) the Debtor's desire to extend the exclusive periods in which to file and obtain acceptance of a plan. The Parties wish to resolve the issues between them with respect to the foregoing issues on the terms set forth herein and subject to Court approval.

AGREEMENT

1. The LECG Cap shall be increased by \$100,000 retroactive to the point at which LECG's fees first reached the initial LECG Cap of \$100,000.

2. The Debtor's Objection to the LECG Fee Statements shall be deemed withdrawn without the need for further filings or Order of the Court.

3. The Debtor will not object to LECG's fees of \$128,947 and expenses of \$5,991.48 incurred through January 31, 2010 for interim payment purposes, but reserves the right to object to such fees and expenses upon LECG's filing of its final fee application. However, before being compensated for fees and expenses incurred in December, 2009 and January 2010, LECG shall file

1 fee statements for the months of December, 2009 and January 2010 pursuant to the Payment
2 Procedures Order.

3 4. The MLB Mediation Cap and the increase in the MLB Insurance Cap shall be
4 approved, and may be increased by further Order of this Court.

5 5. The time period set forth in section 1121(b) of the Bankruptcy Code during which
6 only the Debtor may file a plan is extended to and including August 16, 2010 and if the Debtor files
7 a plan on or before August 16, 2010, the time period set forth in section 1121(c)(3) of the
8 Bankruptcy Code for the Debtor to obtain acceptance of its plan shall be extended to and including
9 October 16, 2010.

10 6. This Stipulation may be executed by counterpart originals, electronic copies, or
11 facsimiles, and each such counterpart shall be deemed an original instrument, but all such
12 counterparts together shall constitute one agreement.

13 7. The persons executing this Stipulation represent and warrant that they have the
14 authority and capacity to act on behalf of the party for which each person is signing and to bind that
15 party to the terms of this Stipulation.

16
17 **IT IS SO STIPULATED:**

18 Dated: February 19, 2010

PACHULSKI STANG ZIEHL & JONES LLP

19
20 By /s/ Pamela E. Singer

James I. Stang (CA Bar No. 94435)
Hamid R. Rafatjoo (CA Bar No. 181564)
Pamela E. Singer (OR Bar No. 89423)
Attorneys for Official Committee of
Unsecured Creditors

21
22
23 Dated: February 19, 2010

SUSSMAN SHANK LLP

24
25 By /s/Thomas W. Stilley

Howard M. Levine (OSB No. 8073)
Thomas W. Stilley (OSB No. 88316)
Attorneys for Society of Jesus, Oregon
Province, the Debtor and Debtor in
Possession

UNITED STATES BANKRUPTCY COURT
DISTRICT OF OREGON

In re:

Society of Jesus, Oregon Province, an Oregon
domestic nonprofit religious corporation,

Debtor

Case No.: 09-30938-elp

Chapter 11

**ORDER APPROVING STIPULATION
RE: (1) DEBTOR'S OBJECTION TO
LECG, LLC FEE STATEMENTS; (2)
INCREASE IN LECG, LLC FEE CAP;
(3) INCREASE OF MORGAN LEWIS
& BOCKIUS LLP FEE CAP; AND (4)
EXTENSION OF PLAN EXCLUSIVITY
PERIOD**

This matter came before the Court upon the *Stipulation re: (1) Debtor's Objection to LECG, LLC Fee Statements; (2) Increase in LECG, LLC Fee Cap; (3) Increase of Morgan Lewis & Bockius LLP Fee Cap; and (4) Extension of Plan Exclusivity Period* (the "Stipulation"), entered into by the above-captioned Debtor and the Official Committee of Unsecured Creditors (the "Committee").

Unless otherwise defined herein, capitalized terms have the meanings ascribed to them in the Stipulation. The Court having reviewed the Stipulation, and good cause appearing therefore,

IT IS ORDERED as follows:

1. The Stipulation is approved.
2. The LECG Cap Motion is granted.

3. The LECG Cap shall be increased by \$100,000 retroactive to the point at which LECG's fees and expenses first reached the initial LECG Cap of \$100,000.

4. The Debtor's objection to the LECG Fee Statements shall be deemed withdrawn without the need for further filings or Order of the Court.

5. The Debtor will not object to LECG's fees of \$128,947 and expenses of \$5,991.48 incurred through January 31, 2010 for interim payment purposes, but reserves the right to object to such fees and expenses upon LECG's filing of its final fee application. However, before being compensated for fees and expenses incurred in December, 2009 and January 2010, LECG shall file fee statements for the months of December, 2009 and January 2010 pursuant to the Payment Procedures Order.

6. The MLB Mediation Cap and MLB Insurance Cap are hereby approved, and may be increased by further Order of this Court.

7. The time period set forth in 11 USC § 1121(b) during which only the Debtor may file a plan is extended to and including August 16, 2010 and if the Debtor files a plan on or before August 16, 2010, the time period set forth in 11 USC § 1121(c)(3) for the Debtor to obtain acceptance of its plan is extended to and including October 16, 2010.

####

PRESENTED BY:

PACHULSKI STANG ZIEHL & JONES LLP

/s/ Pamela E. Singer

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Hamid R. Rafatjoo (CA Bar No. 181564)
Pamela E. Singer (OR Bar No. 89423)
Attorneys for Official Committee of
Unsecured Creditors

cc: ECF Participants
Attached List

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<u>creditors</u>	Loyola Jesuit House	c/o Robert E. Ganja
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UNITED STATES BANKRUPTCY COURT

DISTRICT OF OREGON

In re:

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Debtor

Case No.: 09-30938-elp

Chapter 11

CERTIFICATE OF SERVICE

PROOF OF SERVICE

STATE OF CALIFORNIA)
)
 CITY OF SAN FRANCISCO)

I, Katherine Suk, am employed in the city and county of San Francisco, State of California. I am over the age of 18 and not a party to the within action; my business address is 150 California Street, 15th Floor, San Francisco, California 94111-4500.

On February 19, 2010, I caused to be served the

STIPULATION RE: (1) DEBTOR'S OBJECTION TO LECG, LLC FEE STATEMENTS; (2) INCREASE IN LECG, LLC FEE CAP; (3) INCREASE OF MORGAN LEWIS & BOCKIUS LLP FEE CAP; AND (4) EXTENSION OF PLAN EXCLUSIVITY PERIOD

[PROPOSED] ORDER APPROVING STIPULATION RE: (1) DEBTOR'S OBJECTION TO LECG, LLC FEE STATEMENTS; (2) INCREASE IN LECG, LLC FEE CAP; (3) INCREASE OF MORGAN LEWIS & BOCKIUS LLP FEE CAP; AND (4) EXTENSION OF PLAN EXCLUSIVITY PERIOD

in this action by placing a true and correct copy of said document(s) in sealed envelopes addressed as follows:

Please see attached Service List

☒ (BY MAIL) I am readily familiar with the firm's practice of collection and processing correspondence for mailing. Under that practice it would be deposited with the U.S. Postal Service on that same day with postage thereon fully prepaid at San Francisco, California, in the ordinary course of business. I am aware that on motion of the party served, service is presumed invalid if postal cancellation date or postage meter date is more than one day after date of deposit for mailing in affidavit.

I declare under penalty of perjury, under the laws of the State of California and the United States of America that the foregoing is true and correct.

Executed on February 19, 2010, at San Francisco, California.

/s/ Katherine Suk
 Katherine Suk, Legal Assistant

Service List

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